

Prevent Employee Theft in Your Office

Your organization should always be alert to possible employee theft, but more so during rough economic periods. During these periods, many employees are financially burdened, and normally honest individuals may be tempted to commit theft from their employer. This is even more of a risk if your company is also struggling, particularly if you have had layoffs and employees are fearful for their jobs. It is important that you take preventive measures and institute extra safeguards to prevent employee fraud.

Theft comes in many shapes and sizes, depending on your business and employees. Typically, employees may embezzle money or take advantage of their access to sensitive customer information. In addition, employees may use company time to take care of personal obligations—known as time theft. They may use company time to look for a new job, if they are in fear of losing their current one, or may use work time to take care of personal business. Furthermore, if employees are under large amounts of pressure due to their uncertain job fate, they may be more inclined to take breaks to surf the Web as a way to reduce some of their stress.

It is important that you take preventive measures and institute extra safeguards to prevent employee fraud in the workplace.

Tips to Avoid Employee Fraud

To prevent theft at your organization, consider the following safeguards:

- Communicate with your employees about the economy and how it will affect your organization. Be open and honest, but discourage them from panicking.
- Try to maintain a positive work environment even during tough times. Encourage open communication, listen to employees' ideas and recognize employee achievement.
- Educate your employees about what is considered fraud and the consequences associated with it, and emphasize that the company has a no-tolerance policy.

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- Conduct more internal audits.
- Increase company oversight by upper management and owners.
- Reconcile bank statements immediately.
- Consider using a payroll service to ensure accuracy.
- Purchase Embezzlement Insurance.
- Consider installing surveillance equipment. Be mindful that this may decrease employee morale if they feel that they are not trusted. You may also want to monitor computer activity more closely.
- Upper management may consider taking a pay decrease or not receiving bonuses, so that lower-level employees see that everyone in the organization is affected by the economy.
- Regarding financial tasks, give different employees different jobs, such as one person handling transaction authorizations, one person collecting or paying cash and one person maintaining records. Do not allow one employee to have too much control.
- Encourage employees to use their vacation time. If someone is stealing, it may become more evident once they are away for a few days.
- Establish a fraud hotline for employees to

report suspicious or fraudulent behavior. Give them the option to call anonymously.

- Conduct thorough background checks on all your new hires.
- Train managers and supervisors to monitor employees and watch for suspicious behavior. Any suspicious behavior should be reported and further investigated.

To learn more about Embezzlement Insurance, contact Peabody Insurance Agency at 810-629-1504 today.